

## **BIG MISSOURI LINKED DEPOSIT PROGRAM**

### **Conflict of Interest Policy**

The statutory authorization for the BIG Missouri Linked Deposit Program is found in sections 30.750 through 30.850 of the Revised Statutes of Missouri. The statutory provisions establish a linked deposit program under which state funds will be deposited in a local financial institution at a reduced rate of interest if the financial institution, in turn, agrees to lend its own funds to an eligible borrower at a comparably reduced interest rate. The program is designed to spur economic development and growth by reducing the financing costs of an eligible borrower. The statutes contain a number of requirements for and restrictions on participation in the BIG Missouri Linked Deposit Program. The State Treasurer is authorized to take any and all steps necessary to implement the linked deposit program.

Because the BIG Missouri Linked Deposit Program utilizes public funds in concert with activities of the private sector, it is imperative that the program have rules to prohibit any conflict of interest, or the appearance of or potential for a conflict of interest, which could call into question the integrity of the program.

Accordingly, under her authority to take the steps necessary to implement both the letter and spirit of the law, the Treasurer has adopted the following conflict of interest policy for the BIG Missouri Linked Deposit Program:

1. Neither the State Treasurer, nor any employee of the State Treasurer, or his or her immediate family, may receive a linked-deposit loan under the BIG Missouri Linked Deposit Program:
2. No member of the Missouri General Assembly, or his or her immediate family, may receive a linked-deposit loan under the BIG Missouri Linked Deposit Program.
3. No statewide elected official, or his or her immediate family, may receive a linked-deposit loan under the BIG Missouri Linked Deposit Program.
4. No director of a state department, or his or her spouse, may receive a linked-deposit loan under the BIG Missouri Linked Deposit Program.
5. No officer or member of the board of directors, or his or her spouse, may receive a linked-deposit loan under the BIG Missouri Linked Deposit Program from that financial institution or any affiliated financial institution.
6. The term “immediate family” shall mean parents, siblings, spouse or children whether by consanguinity or operation of law.

For programs under which a corporation, partnership, cooperative or company may apply for a linked deposit, such as the Facility Borrower, Small Business and Job Enhancement programs, a deposit application will not be accepted if the total percentage of shares owned or equity value by partners or shareholders in the above categories exceeds 49%. In addition, no applications will be accepted if an officer or member of the governing board of the corporation, partnership, cooperative or company falls within any of the categories above.

It is anticipated that situations will arise from time to time where an applicant for the BIG Missouri Linked Deposit Program qualifies for participation in the program under the strict letter of the law, yet the applicant’s participation would create an appearance of or the potential appearance of impropriety. It is neither feasible nor practical to fashion a rule or rules in advance for dealing with the wide range of such potential situations. Instead, in its initial review of an applicant’s eligibility for participation in the program, the lending institution must make its best efforts to determine whether such an appearance or potential appearance of impropriety exists and, in such cases, to give appropriate notice to and make appropriate inquiries of the State Treasurer.